

FARM LOAN PROGRAMS

JUNE 4, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H. R. 11544]

The Committee on Agriculture, to whom was referred the bill (H. R. 11544) to improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendment is as follows:

Page 3, lines 22 and 23, strike out "the prior lien, if any, and" and insert "any".

Page 5, line 21, strike out "who" and insert "which".

Page 6, line 6, strike out "\$8,000" and insert "\$9,000".

STATEMENT

The bill reported herewith is a committee bill drafted by the Subcommittee on Conservation and Credit (Mr. Poage, chairman) after hearings on and extended consideration of more than twoscore bills. It contains most of the provisions of a bill (H. R. 9843) by Mr. Hill on which a favorable report has been received from the Department of Agriculture.

As reported by the committee, the bill will provide additional funds for emergency loan programs, authorize loans specifically for the refinancing of existing farm debts, provide assistance to part-time farmers, permit extension of loans when natural disasters result in crop losses, and provide other measures complementing the special programs for low-income farmers and the Great Plains program.

Following are the major provisions of the bill. A more detailed discussion of each will be found in the analysis section of this report.

MAJOR PROVISIONS

(1) Authorizes the refinancing of existing indebtedness of eligible farmers on farms of not more than family size if the borrowers are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. The bill authorizes FHA to accept a second mortgage for direct loans for this purpose, but not for insured loans.

(2) Authorizes FHA to make loans, for the first time, to part-time farmers. Loans authorized include those for real-estate improvement and development and loans for operating expenses. To be eligible a borrower would have to be a bona fide farmer who has depended on agriculture for his livelihood for at least 1 year out of the most recent 10 and who is conducting a substantial farming operation at the time the loan is made. Such loans may also be made for refinancing but not for the acquisition of such a farm unit.

(3) The bill extends from June 30, 1957, to June 30, 1959, the authority to make economic-emergency loans under Public Law 727, 83d Congress, and increases from 15 to 65 million dollars the amount of money from the loan revolving fund which may be used for such loans.

(4) Increases from \$7,000 to \$9,000 the maximum amount of an initial loan for operating purposes and from \$10,000 to \$15,000 the total indebtedness for such loans a borrower may have outstanding at any one time.

(5) Authorizes the Secretary to extend the repayment period of regular operative loans to farmers in disaster areas by the number of years the area has been classified as a disaster area.

LOANS TO ORCHARDISTS

Some of the bills considered by the committee proposed special provisions for disaster loans to orchardists, including deferment of repayments until new trees come into production. Public Law 38 of the 81st Congress now authorizes the Secretary to make such loans in disaster areas, such as the area in Oregon and Washington where many orchard trees were killed by last year's early heavy freeze, and the committee anticipates the Secretary will exercise this authority. It also authorizes the Secretary to set the terms and conditions for the repayment of such loans. The committee believes that the terms of loans of this character should be such as would afford real assistance to producers who suffer various kinds of production losses. Consequently, if the purpose of the loan is to reestablish an orchard destroyed by the disaster and repayment is to be expected solely from the production of the orchard, the first repayment installment should be deferred until income is expected from the reestablished orchard. The problem of liquidity of the revolving fund, which may be affected by such deferments, is one to be met when there is need for additional money in the revolving fund, and is not a problem which should be solved by amending the existing broad authority of the Secretary.

ANALYSIS OF THE BILL

SECTION 1—REAL-ESTATE LOANS

Section 1 (a) of existing law limits loans for the repair and improvement of farms needed to meet changing farm-operating conditions to borrowers already indebted under title I. Section 1 (a) of the bill broadens this provision to permit loans for this purpose to the owners of all eligible farms.

Section 1 (b) changes the language of section 1 (b) of the act to accommodate the new authority to make refinancing loans to the owners of farms not larger than efficient family-type farms. The eligibility of an applicant heretofore has been based in part on his receipt of the major portion of his income from farming operations. With the enactment of authority for loans to part-time farmers, this limitation is changed to the requirement that the applicant receive only a substantial portion of his income from farming.

Section 1 (c) adds new authority to make or insure loans to bona fide farmers who are the owners and operators of smaller than family-size units, for the purpose of repairing or improving such units or refinancing indebtedness incurred for agricultural purposes. This new authority will not preclude loans to beginning farmers who have depended for their livelihood on the income produced on the farm of the applicant's family, nor to applicants who have been forced to provide their livelihood from nonfarm sources during recent years, because of adverse agricultural conditions. The authority is limited, however, to loans to those persons who the county committee believes are bona fide farmers and who will conduct substantial farming operations on smaller units. Loans will not be made to persons without agricultural background or on a rural residence without significant agricultural production, nor may such loans be made for the acquisition of a part-time farm.

Section 1 (d) permits the use of normal market value as the basis for loans on units of less than family size, instead of valuation on the basis of earning capacity. Normal market value encompasses value attributed to location of the farm as well as its productivity. Location near source of employment would be an important factor in the security of loans to part-time farmers depending substantially on outside income for their repayment ability.

Section 1 (e) would increase the annual authorization for insured loans from 100 to 125 million dollars.

Section 1 (f) contains a technical change in the limitation on the amount of insured loans, which is required by the use of normal market valuation on smaller units.

Section 1 (g) would authorize the use of one-half of the mortgage-insurance charge for any administrative expenses of the Farmers' Home Administration, as is now authorized by annual appropriation acts. It would remove the restriction in the basic act limiting the use of such collections to expenses in connection with the insured-mortgage program.

Section 1 (h) contains authority for the making and insuring of loans solely for the purpose of refinancing outstanding indebtedness of the owners of farms not larger than family size, who cannot meet their present debt terms, and who are unable to refinance outstanding debts with other responsible sources on rates and terms which

they could reasonably be expected to fulfill. Unless the applicant's total outstanding indebtedness does not exceed, or can be adjusted to be within, the value of the applicant's real estate and livestock and farm equipment, assistance would not be extended under this section. Direct loans for this purpose could be secured by a second mortgage. However, any loans insured for refinancing will be limited to 90 percent of the value of the farm and a first mortgage or deed of trust will be taken in connection with such loans. The aggregate of refinancing loans authorized to be insured in any 1 year will be \$50 million out of the \$125 million ceiling proposed in section 1 (e).

SECTION 2—OPERATING LOANS

Section 2 changes the name of title II loans to "Operating" loans instead of "Production and subsistence" loans. It also amends section 21 in the following manner:

Operating loans will be authorized to bona fide farmers who will conduct substantial operations on less than family-type units as well as on family-type units. Eligibility of the operators of smaller units will be the same as the eligibility for real-estate-improvement loans under section 1 (c) on part-time farms.

The bill increases the maximum amount of the initial operating loan from the present \$7,000 to \$9,000 and increases the amount for which a borrower may be indebted at any one time under this section from the present \$10,000 to \$15,000.

Section 21 (c) repeats existing law except to refer to the new portion of subsection (d) which authorizes the Secretary to extend or renew regular operating loans in any area designated as disaster or emergency areas under Public Law 875, 81st Congress; Public Law 38, 81st Congress, or under Public Law 727, 83d Congress. Renewals could be made for the number of years during which the areas were so designated. During such additional period, additional regular and operating loans will be authorized. Only those persons who are unable to repay their indebtedness within the maximum of 7 years because of natural causes beyond their control may have their loans extended or renewed.

SECTION 3—GENERAL PROVISIONS

Section 3 of the bill extends the compromise and adjustment authority, now limited to claims arising under the Farmers' Home Administration Act, to all claims administered by the Farmers' Home Administration, including those under the Water Facilities Act, the emergency loan authorities and other special legislation. In line with the increase of the total indebtedness for operating loans to \$15,000, the Secretary's authority to compromise claims of less than \$10,000 has been increased to claims of less than \$15,000.

Section 3 (a) also amends section 41 (g) of the act to authorize releases to borrowers who transfer their livestock, equipment, and other property mortgaged to secure loans administered by the Farmers' Home Administration to other borrowers assuming the outstanding indebtedness. The present law provides this authority only with respect to the transfer of real estate securing title I loans. The Secretary will also be given additional authority to charge off or release claims which have been due for more than 5 years, if the debtor has no assets, is deceased and has left no estate, or has disappeared.

Claims of \$150 or less could be charged off or canceled if further collection efforts are likely to prove ineffectual or uneconomical.

Section 3 (b) authorizes appointment of additional committees for areas within counties, as a means of more economical and effective administration.

Section 3 (c) would authorize the Secretary to sell farm units of smaller than family size acquired in liquidation of loans on long-term credit, rather than as surplus on short-term credit. Present authority authorizes long-term credit sales of family-type units only.

Section 3 (d) adds additional loan-servicing authority to cover sales of water conservation and utilization project farms and extends the authority to make advances to protect security to loans insured by the Secretary before such loans have been assigned to the Government under the insurance agreements. It also adds authority for the Secretary to sell or grant rights-of-way or easements on acquired property prior to resale of such property.

SECTION 4—ECONOMIC EMERGENCY LOANS

Section 4 extends the economic emergency authority of Public Law 727, 83d Congress, for 2 additional years and increases the aggregate amount of loans thereunder to be made out of the revolving fund made available by Public Law 38, 81st Congress, from 15 to 65 million dollars.

DEPARTMENTAL APPROVAL

Following is an executive communication from the Acting Secretary of Agriculture recommending approval of the legislation contained in section 4 of the bill reported herewith:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D. C., March 29, 1956.

THE SPEAKER, HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: There is attached a copy of a proposed bill which would amend Public Law 727, 83d Congress, as amended by Public Law 117, 84th Congress, to extend the lending authority authorized thereby and to revise the monetary ceiling placed thereon.

The Department recommends the enactment of this proposed legislation.

The present lending authority authorizes the making of emergency loans from the revolving fund to eligible farmers and stockmen in those areas designated by the Secretary of Agriculture upon his determination that there is a need for agricultural credit, except for the refinancing of existing indebtedness, which cannot be met for a temporary period by commercial banks, cooperative lending agencies, the Farmers' Home Administration under its regular lending programs, or with other types of loans made by the Farmers' Home Administration pursuant to Public Law 38, and amendments thereto (63 Stat. 43, as amended, 12 U. S. C. 1148 (a), et seq.). The lending authority pursuant to Public Law 727, as amended, will expire on June 30, 1957. Based on the anticipated volume of loans during the current year, the present \$15 million limit will not provide adequate funds for such loans during the 1957 crop year. The proposed bill would extend to June 30, 1959, the period during which such loans may be made.

Emergency loans are made available under Public Law 38 only in (1) areas which have suffered serious production disasters, and (2) areas within major disaster areas designated by the President pursuant to Public Law 875 (42 U. S. C. 1851 et seq., as amended), having a serious economic emergency. Without the authority contained in Public Law 727, as amended, emergency loans could not be made in areas experiencing serious emergencies because of economic conditions or other reasons, but which have not had production losses or have not been designated as major disaster areas pursuant to Public Law 875. Although the emergency credit needs of farmers and stockmen in many areas are being met through loans made pursuant to Public Law 38, there are many other areas in need of emergency credit from time to time because of economic conditions which cannot qualify, as described above, for loans under Public Law 38. At present, emergency loans pursuant to Public Law 727 are available in designated areas in 18 States. We do not know what the situations will be in these and other areas in the future but we think there is a need for a standby authority to make emergency loans available through June 30, 1959.

Public Law 727, as originally enacted for a period of only 1 year, contained a restriction of \$15 million on the amount which could be loaned under this authority. It was contemplated at the time that this amount would be adequate for the 1-year period. However, with the later extension of the lending authority to June 30, 1957, and with our recommended further extension to June 30, 1959, \$50 million of the disaster loan revolving fund should be made available for future loans under this act. The Bureau of the Budget advises that there is no objection to the submission of this proposed legislation to the Congress for its consideration.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, and existing law in which no change is proposed is shown in roman):

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

TITLE I—TENANT PURCHASE LOANS AND MORTGAGE INSURANCE

POWER OF SECRETARY

SECTION 1. (a) The Secretary of Agriculture (hereinafter referred to as the "Secretary") is authorized to make loans and to insure mortgages in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico to persons eligible to receive the benefits of this title to enable such persons to acquire, repair or improve family-size farms, or to refinance indebtedness against undersized or underimproved units when loans are being made or insured by the Secretary to enlarge or improve such units. Loans may also be made [to assist borrowers under this title in making the] *or insured for*

improvements needed to adjust [their] farming operations to changing conditions.

(b) (1) Except with respect to veterans qualified under subsection (b) (2) of this section, only *farm owners*, farm tenants, farm laborers, sharecroppers, and other individuals [(including owners of inadequate or underimproved farm units)] who obtain, or who recently obtained, [the major portion] *a substantial portion* of their income from farming operations, shall be eligible to receive the benefits of this title. In making available the benefits of this title, the Secretary shall give preference to persons who are married, or who have dependent families, and, wherever practicable, to persons who are able to make an initial downpayment, or who are owners of livestock and farm implements necessary successfully to carry on farming operations. No person shall be eligible who is not a citizen of the United States.

(2) Any veteran (defined herein as a person who served in the military forces of the United States during any war between the United States and any other nation or during the period beginning June 27, 1950, and ending on such date as shall be determined by Presidential proclamation or concurrent resolution of Congress and who was discharged or released therefrom under conditions other than dishonorable) who intends to engage in farming as a principal occupation, and who meets the requirements of rules and regulations prescribed by the Secretary as to industry, experience, character, and other assurances of success as a farmer, shall be eligible for the benefits of this title and his application shall be entitled to preference over the applications of nonveterans.

(c) [No loan shall be made, or mortgage insured, for the acquisition, improvement, or enlargement of any farm unless it is of such size and type as the Secretary determines to be sufficient to constitute an efficient family-type farm-management unit and to enable a diligent farm family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, That loans may be made to veterans, or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, to enable such veterans to acquire, enlarge, repair or improve farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts due on their loans.] *No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: Provided, however, That—*

(1) *loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and*

(2) *loans may be made or mortgages insured to owner-operators who are bona fide farmers who have during one or more of the last ten years depended on farm income for their livelihood, and who*

are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loan.

FUNCTIONS OF COUNTY COMMITTEES

SEC. 2. (a) The county committees established under section 42 shall—

(1) examine applications (filed with the chairman of the county committee, or with such other person as the Secretary may designate) of persons desiring to obtain the assistance of the Secretary in financing the acquisition of farms or farming operations in the county as provided in this Act; and

(2) examine and appraise farms in the county with respect to which applications are made.

(b) If the committee finds that an applicant is eligible to receive the benefits of this Act, that, in the opinion of the committee, by reason of his character, ability, industry, and experience, he will successfully carry out undertakings required of him under a loan which may be made or insured under this Act, that credit sufficient in amount to finance the actual needs of the applicant, specified in the application, is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source; and that the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making or insuring of the loan with respect thereto will carry out the purposes of this title, it shall so certify to the Secretary. The committee shall also certify to the Secretary the amount which the committee finds is the fair and reasonable value of the farm based upon its normal earning capacity. The farm shall be appraised by competent employees of the Secretary thoroughly trained in appraisal techniques and the appraisal shall be made available to the county committee and the Secretary for their guidance in determining the value of farm as specified above [.] *except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm.*

(c) No member of the committee shall participate in any certification under this section with respect to any application or farm in which such member, or any person related to such member within the third degree of consanguinity or affinity has any pecuniary interest, direct or indirect, or in which any of them had such interest within one year prior to the date of certification.

(d) No loan shall be made for any purpose under this Act and no mortgage shall be insured under this Act, unless certification by the committee, as required under this section, has been made with respect to the applicant applying for the loan and with respect to the farm which is to be taken as security either for an insured or an uninsured mortgage.

TERMS OF LOANS

SEC. 3. (a) Loans made under this title shall be in such amount (not in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness) as may be necessary to enable the borrower to acquire the farm and for necessary repairs and improvements thereon, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired, enlarged, or improved, in excess of the average value of efficient family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located.

(b) The instruments under which the loan is made and security given therefor shall—

(1) provide for the repayment of the loan within an agreed period of not more than forty years from the making of the loan;

(2) provide for the payment of interest on the unpaid balance of the loan at a rate of interest not in excess of 5 percentum per annum as determined by the Secretary;

(3) provide for the repayment of the unpaid balance of the loan, together with interest thereon, in installments in accordance with amortization schedules prescribed by the Secretary;

(4) be in such form and contain such covenants as the Secretary shall prescribe to secure the payment of the unpaid balance of the loan together with interest thereon, to protect the security, and to assure that the farm will be maintained in repair, and waste and exhaustion of the farm prevented, and that such proper farming conservation practices as the Secretary shall prescribe will be carried out;

(5) provide that the borrower shall pay taxes and assessments on the farm to the proper taxing authorities, and insure and pay for insurance on farm buildings;

(6) provide that upon the borrower's assigning, selling, or otherwise transferring the farm, or any interest therein, without the consent of the Secretary, or upon default in the performance of, or upon any failure to comply with, any covenant or condition contained in such instruments, or upon involuntary transfer or sale, the Secretary may declare the amount unpaid immediately due and payable, and that, without the consent of the Secretary, no final payment shall be accepted, or release of the Secretary's interest be made, less than five years after the making of the loan; and

(7) contain the provisions for refinancing specified in section 44 (c).

(c) Except as provided in paragraph (6) of subsection (b), no instrument provided for in this section shall prohibit the prepayment of any sum due under it.

(d) No provision of section 75, as amended, of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898 (U. S. C. 1940 ed., title II, sec. 203), otherwise applicable in respect to any indebtedness incurred under this title by any beneficiary thereof, shall be applicable in respect of such indebtedness until such beneficiary has repaid at least 15 per centum thereof.

EQUITABLE DISTRIBUTION OF LOANS AND MORTGAGE INSURANCE

SEC. 4. In making loans under this title, the amount which is devoted to such purposes during any fiscal year shall be distributed equitably among the several States and Territories on the basis of farm population and the prevalence of tenancy, as determined by the Secretary: *Provided*, That there may be distributed to each State such amounts as are necessary to finance loans pursuant to all bona fide applications from veterans qualified under section 1 hereof: *Provided further*, That there may be disbursed in any fiscal year to each State or Territory such amount not in excess of \$100,000 as is determined by the Secretary to be necessary to finance loans in such State or Territory under this title.

APPROPRIATION

SEC. 5. To carry out the provisions of this title with respect to tenant-purchase loans, there is authorized to be appropriated not to exceed \$50,000,000 for each fiscal year beginning with the fiscal year ending June 30, 1947, and such further sums as may be necessary in carrying out the provisions of this title during such fiscal year, with respect to tenant purchase loans and insured mortgages.

FARM TENANT MORTGAGE INSURANCE FUND

SEC. 11. (a) There is hereby created a fund, to be known as the "farm tenant-mortgage insurance fund" (hereinafter in this title referred to as the "fund"), which shall be used by the Secretary as a revolving fund for carrying out the provisions of this title with respect to mortgages insured under section 12 and to mortgages accepted for the account of the fund under section 13. There is authorized to be appropriated to the Secretary the sum of \$25,000,000 to constitute such fund.

(b) Moneys in the fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund or invested in direct obligations of the United States or obligations guaranteed as to principal and interest by the United States. The Secretary may purchase, with money in the fund, any notes issued by the Secretary to the Secretary of the Treasury to obtain money for the fund.

(c) All amounts deposited in or credited to the fund and the proceeds of investments of amounts in the fund shall be used only for purposes to which the fund is specifically authorized to be devoted under this title and shall not be diverted to any other use.

INSURANCE OF MORTGAGES

SEC. 12. (a) The Secretary is authorized, upon application of a prospective mortgagor or mortgagee under a first mortgage eligible for insurance under this title, to insure such mortgage and to make commitments for the insurance of any such mortgage prior to the date of its execution.

(b) The aggregate amount of principal obligations on all mortgages insured under this title, on all mortgages with respect to which commitments to insure have been made, and on all mortgages accepted

for the account of the fund and not disposed of under section 14 shall not exceed ~~[\$100,000,000]~~ \$125,000,000 in any one fiscal year. With respect to any fiscal year, one-quarter of the amount available for insurance, commitments and acceptance of mortgages under this title shall be distributed among the several States and Territories on the basis of bona fide applications and the availability of farms with respect to which loans may be insured and the balance shall be distributed on the basis provided in section 4, and preferences shall be given to mortgages executed by veterans qualified under section 1.

(c) In order for a mortgage to be eligible under this title—

(1) the person obligated to pay thereunder shall be a person who would be eligible under section 1 for a loan under title I;

(2) the farm mortgaged shall be one with respect to which under section 1 (c), a loan could be made under title I;

(3) there shall be an appropriate certification by the county committee as required by section 2 of this Act;

(4) the mortgage instruments shall comply with section 3 (b), except that the base rate of interest shall not be in excess of 4 percentum per annum as determined by the Secretary;

[(5) the principal obligation (and fees and other charges chargeable under subsection (d) of this section) shall not exceed 90 per centum of the reasonable value of the farm and necessary repairs and improvements thereon, as such values are certified by the county committee pursuant to section 2 (b);]

(5) The principal obligation (plus the amount of any fees and charges chargeable under subsection (d) of this section) shall not exceed 90 per centum of the value of the farm as certified by the county committee pursuant to section 2 (b);

(6) the mortgage instruments shall contain a covenant to pay to the Secretary the initial and annual charges provided for in subsections (d) and (e) of this section, and a covenant to pay to the Secretary, as collection agent for the mortgagee, the amounts payable by the mortgagor to the mortgagee under the mortgage; and

(7) the mortgage instruments shall contain a stipulation (not binding upon the Secretary) that the holder of the mortgage will accept the benefits provided by section 13 in lieu of any right of foreclosure which he may have against the property and any right to a deficiency judgment against the mortgagor on account of the mortgage.

(d) The Secretary shall require the payment by the mortgagor or mortgagee of such initial fees for inspection, appraisal, and other charges as it finds necessary and such amounts may be included in the principal obligation of the mortgage, and the payment of such delinquency charges and default reserves as it finds necessary. The proceeds of such fees shall be deposited in the Treasury for use for administrative expense as provided in subparagraph (e) (2) hereof.

(e) (1) The Secretary shall collect from the mortgagor for mortgage insurance an annual charge at the rate of 1 per centum of the outstanding principal obligation of the mortgage; the initial charge shall be collected simultaneously with the insurance of the mortgage and shall cover the period from the date of loan closing to the date of the first installment payable on the loan; the next and each succeeding charge shall be computed on the outstanding principal obligation

remaining unpaid after the due date of each installment payable on the loan, and shall be payable on or before the next succeeding due date of an installment of principal and interest. If the principal obligation of the mortgage is paid in full in less than five years after the time when the mortgage was entered into, the Secretary may require payment by the mortgagor of the entire annual charge computed for the year then current, and an additional charge equal to the annual charge for such year. The Secretary may modify existing contracts so as to require future payments thereunder in accordance with the provisions of this section.

(2) One-half of the amount paid as charges in pursuance of this subsection shall be the premium for insurance and shall be deposited in the fund and may be used only for purposes to which the fund may be devoted. The other half of the amounts so paid shall be deposited in the Treasury to the credit of the Secretary and shall be available only for administrative expenses [to carry out the provisions of this title, relating to mortgage insurance.] *of the Farmers' Home Administration and may be transferred annually to that administrative expense account and become merged therewith.*

(f) (1) The Secretary shall remit to the mortgagee under any mortgage insured under this title any sums collected by him as agent for the mortgagee. The Secretary shall advise any such mortgagee of any default in the payment of principal or interest by the mortgagor.

(2) If the mortgagor has failed to pay to the Secretary the full amount of any installment on or before the due date thereof, the Secretary shall pay the unpaid amount of such installment of principal and interest to the mortgagee, less the amount of any previous prepayments except payments from proceeds from the voluntary or involuntary sale of any part of the mortgaged property or from royalties from leases under which the value of the security is depreciated.

(3) If the mortgagor fails to pay any amounts due for taxes, special assessments, water rates, and other amounts which may become liens prior to the mortgage, and any amounts due for property insurance premiums, such amounts may be paid by the Secretary, either before or after assignment of the insured mortgage to the Secretary, for the account of the mortgagor as provided in paragraph (4) below.

(4) Payments by the Secretary under paragraphs (2) and (3) shall be advanced out of the fund for the account of the mortgagor. Such advances shall be repaid to the fund out of the first available collections received from the mortgagor. Such advances shall bear interest at the rate fixed in the insured mortgage payable out of any subsequent collections, and, until repaid, the advance and interest thereon shall be added to subsequent installments.

(g) Any contract of insurance executed by the Secretary under this section shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of any holder thereof from the date of the execution of such contract, except for fraud or misrepresentation of which such holder has actual knowledge.

(h) The Secretary may, at any time, for good cause shown and under such terms and conditions as he may prescribe, consent to the release

of the mortgagor from his liability under the mortgage or the credit instruments secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

(i) The holder of any mortgage insured under this title may, upon notice to the Secretary, assign such mortgage together with the accompanying note and contract of insurance and the assignee thereof shall thereupon become entitled to all the benefits of such contract of insurance: *Provided*, That no such assignment shall be binding upon the Secretary until notice thereof has been given the Secretary and the Secretary has acknowledged receipt of such notice.

(j) The Secretary is authorized to enter into agreements from time to time with the holder of a mortgage heretofore or hereafter insured under this title that any holder thereof, at the holder's option, shall be entitled, upon assignment of such mortgage to the Secretary within one year after the expiration of a period fixed by such agreement, to have the mortgage purchased by the Secretary even though the mortgage is not then in default, provided the initial fixed period shall be not less than five years from the date of the insured mortgage. Such assignment shall be accomplished in the same manner and the value of such mortgage shall be determined on the same basis as provided by section 13 for mortgages in default. The Secretary may purchase any such mortgage with moneys in the fund and may sell it at its value likewise determined in accordance with section 13 at the time he sells it, and reinsure it, if necessary, or he may retain it for the account of the fund until the indebtedness is discharged through refinancing by the mortgagor, by foreclosure, or otherwise. The value of all such mortgages retained for the fund as herein provided shall not be included in computing the aggregate amount of mortgage obligations that may be insured in any one fiscal year, as provided in section 12 (b). If there should not be sufficient cash in the fund to enable the Secretary to make payments to purchase mortgages as provided in this subsection, in order to obtain funds to make such payments notes may be issued and purchased in the same manner as provided in section 13.

PAYMENT OF INSURANCE

SEC. 13. (a) In any case in which the mortgagor under a mortgage insured under this title is in default in the payment of principal or interest for more than twelve months, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon assignment to the Secretary of (1) all the mortgagee's rights and interests arising under the mortgage so in default; (2) all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction; (3) all policies of title or other insurance and all surety bonds and other guaranties and any and all claims thereunder relating to the mortgage or the mortgaged property; (4) any balance of the mortgage loan not advanced to the mortgagor; and (5) any cash or property held by the mortgagee, or to which he is entitled, as deposit made for the account of the mortgagor and which has not been applied in reduction of the principal of the mortgage indebtedness; and upon transfer to the Secretary of such originals or copies of records, documents, books, papers and accounts relating to the mortgage transaction, as the Secretary prescribes. Upon such assignment and trans-

fer, the Secretary shall pay to the mortgagee, in cash, an amount equal to the value of the mortgage and the note and mortgage shall thereupon become a part of the fund. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Secretary, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of default, the amount of all unpaid interest and the amount of all payments which have been made by the mortgagee for taxes, special assessments, water rates, and other payments in discharge of liens which are prior to the mortgage, and insurance on the property mortgaged, and by deducting from such total amount any amount received on account of the mortgage indebtedness after such default.

(b) If there should not be sufficient cash in the fund to enable the Secretary to make payments to mortgagees as provided in subsection (a) of this section, the Secretary may make and issue notes to the Secretary of the Treasury to obtain funds to make such payments. Such notes shall be signed by the Secretary or by his duly authorized representatives and shall be negotiable. Such notes shall bear interest, payable semiannually, at a rate equal to the average rate of interest, computed to the end of the calendar month next preceding the date of issue, borne by all interest-bearing obligations of the United States then forming a part of the public debt, and shall have such maturities as the Secretary may determine with the approval of the Secretary of the Treasury.

(c) The Secretary of the Treasury is authorized to purchase any notes issued by the Secretary pursuant to this section and any renewals thereof and for such purchases may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act, as amended, are hereby extended to include any such purchases. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

(d) In any case in which the mortgagor violates any covenant or condition of his mortgage, the Secretary may require the mortgagee to assign such mortgage, together with the incidents thereto, upon payment of the value of the mortgage determined in accordance with this section.

PROCEDURE WITH RESPECT TO MORTGAGES IN DEFAULT

SEC. 14. (a) Upon accepting the assignment of any insured mortgage, the Secretary shall ascertain whether or not the mortgagor (which term as used in this section shall include the mortgagor or his heirs or assigns) desires to remain in possession of the mortgaged property. If the mortgagor does not desire to remain in possession of the mortgaged property or if the Secretary is unable to make the findings prescribed by the next sentence, the Secretary may proceed to foreclose the mortgage. If the mortgagor desires to remain in possession of the mortgaged property and if the Secretary finds that the mortgagor (1) has made reasonable efforts to meet all defaulted payments and to comply with the other covenants and conditions of his mortgage and (2) will probably be able to meet such defaulted pay-

ments within five years after the maturity date or dates of the defaulted payments, the Secretary may enter into an agreement with the mortgagor providing for the payment of such defaulted payments together with interest thereon, at such times not later than five years after the maturity date or dates as the Secretary may deem to be within the probable future means of the mortgagor. Should any mortgagor with whom the Secretary has entered into such agreement thereafter fail to meet any payments, the Secretary may proceed to foreclose the mortgage. Expenses and fees incident to foreclosure may be advanced out of the fund for the account of the mortgagor.

(b) Amounts realized under section 51 on account of property which was subject to an insured mortgage shall be deposited in the fund. Amounts payable by the Secretary under section 50 with respect to such property, and any necessary costs and expenditures for the operation, preservation, and protection of such property, shall be paid out of the fund.

SEC. 15. (a) The first paragraph of section 24, chapter 6, of the Federal Reserve Act, as amended (U. S. C., 1940 ed., title 12, sec. 371) (relating to loans on farm lands by member banks), is hereby amended by inserting after the words "National Housing Act", the following: "or which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act."

(b) Section 35 of chapter III of the Act entitled "An Act to regulate the business of life insurance in the District of Columbia", approved June 19, 1934 (D. C. Code, 1940 edition, title 35, sec. 535), is amended by inserting in paragraph (3a) after the words "Federal Housing Administrator" the following: "or by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act."

SEC. 16. (a) The Secretary is authorized to insure and to make commitments for the insurance of loans made for the purposes specified in this title (including those made in accordance with the Act of October 19, 1949) and to take as security for the obligations entered into in connection with such loans first mortgages on the farms with respect to which such loans are made and such other security as may be required by the Secretary. Such mortgages shall create a lien running to the United States for the benefit of the fund, notwithstanding the fact that the note may be held by the lender or his assignee.

(b) Loans insured under this section shall be subject to all the provisions of this title, except as otherwise provided in this section, and with respect to such loans, the terms used in this Act shall have the following meanings as the context requires:

(1) "Mortgage" shall mean "loan" or "the instruments relating to a loan";

(2) "Insured mortgage" shall mean "note endorsed for insurance";

(3) "Mortgagor" shall mean "borrower" or "obligor on the note";

(4) "Mortgagee" shall mean "lender" or "holder of insured note."

(c) Any mortgage insured or any loan made under this Act may be converted to an insured loan under this section at the discretion of the Secretary, and any expenses in connection with such conversion may be paid out of appropriations for administrative expenses.

(d) In connection with loans insured or converted under this section (1) the holder of the insured note shall be entitled to receive the benefits of the insurance as provided in section 13 (a) only in accordance with an agreement pursuant to section 12 (j) or when the assignment of the note is required by the Secretary, and (2) notice of default to the lender under section 12 (f) shall not be required.

SEC. 17. *Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate, less any prior lien indebtedness not to be refinanced, and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed \$50,000,000.*

TITLE II—[PRODUCTION & SUBSISTENCE LOANS] OPERATING LOANS

SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are the operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence[.]: *Provided, however, That loans may be made to operators who are bona fide farmers who have during one or more of the last 10 years depended upon farm income for their livelihood and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.*

(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed [\$7,000] \$9,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding under this section, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower exceeds [\$10,000] \$15,000.

(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: [until he has paid such indebtedness in full, except that the indebtedness on loans made prior to November 1, 1946, which are being serviced and collected by the Farmers' Home Administration,

shall not be subject to the limitations of this section until November 1, 1953.] *Provided, however, That in justifiable cases, in areas designated under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855), for agricultural assistance or where the Secretary has made loans under Public Law 38, Eighty-first Congress, as amended (12 U. S. C. 1148a), or under Public Law 727, Eighty-third Congress, as amended (12 U. S. C. 1141a-1), where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to natural causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed a number of additional years equal to the number of years the area has been designated for such emergency assistance or loans. The Secretary may make additional loans to such persons, if necessary, during the same number of additional years.*

DEBT ADJUSTMENT

SEC. 22. The Secretary may assist in the voluntary adjustment of indebtedness between farm debtors and their creditors and may cooperate with State, Territorial, and local agencies and committees engaged in such debt adjustment. Services furnished by the Secretary under this section may be without charge to the debtor or creditor.

APPROPRIATION

SEC. 23. There is authorized to be appropriated to the Secretary such sums as the Congress may from time to time determine to be necessary to enable the Secretary to carry out the purposes of this title.

TITLE IV—GENERAL PROVISIONS

FARMERS' HOME CORPORATION

SEC. 40. (a) There is hereby created as an agency, of and within the Department of Agriculture, a body corporate with the name "Farmers' Home Corporation" (in this Act called the Corporation). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices elsewhere in the United States under rules and regulations prescribed by the Board of Directors.

(b) The Secretary shall have power to delegate to the Corporation such powers and duties conferred upon him under title I or title II, or both, and such powers under title IV as relate to the exercise of the powers and duties so delegated, as he deems may be necessary to the efficient carrying out of the purposes of such titles and may be executed by the Corporation, and to transfer to the Corporation such funds available for such purposes as he deems necessary. In connection with and in the exercise of such powers and duties so delegated, all provisions of this Act relating to the powers and duties of, and limitations upon, the Secretary shall apply to the Corporation in the same manner as to the Secretary, and the term "Secretary" shall be construed to include "Corporation".

(c) The Corporation shall have a nominal capital stock in an amount determined and subscribed for by the Secretary. Receipts for payments for or on account of such stock shall be issued by the Corporation to the Secretary and shall be evidence of the stock ownership of the United States.

(d) The management of the Corporation shall be vested in a board of directors (in this Act called the Board) subject to the general supervision of the Secretary. The Board shall consist of three persons employed in the Department of Agriculture who shall be designated by the Secretary. Vacancies in the Board, so long as there are two members in office, shall not impair the powers of the Board to execute its functions and two of the members in office shall constitute a quorum for the transaction of business. The directors, appointed as hereinbefore provided, shall receive no additional compensation for their services as such directors but may be allowed travel and subsistence expenses when engaged in business of the Corporation outside of the District of Columbia.

(e) The Board may select, subject to the approval of the Secretary, an administrator, who shall be the executive officer of the Corporation, with such power and authority as may be conferred upon him by the Board.

(f) The Corporation—

(1) Shall have succession in its corporate name;

(2) May adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) May sue and be sued in its corporate name in any court of competent jurisdiction, State or Federal: *Provided*, That the prosecution and defense of all litigation to which the Corporation may be a party shall be conducted under the supervision of the Attorney General, and the Corporation shall be represented by the United States Attorneys for the districts, respectively, in which such litigation may arise, or by such other attorney or attorneys as may, under the law, be designated by the Attorney General: *And provided further*, That no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Corporation or its property;

(4) May adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised and enjoyed;

(5) Shall be entitled to the free use of the United States mails in the same manner as other executive agencies of the Government;

(6) Shall have such powers as may be necessary or appropriate for the exercise of the powers vested in the Corporation (including, but subject to the limitations of this Act, the power to make contracts, and to purchase or lease, and to hold or dispose of, such real and personal property as it deems necessary) and all such incidental powers as are customary in corporations generally. The Board shall define the authority and duties of the officers and employees of the Corporation, delegate to them such of the powers vested in the Corporation as it may determine, and require bonds of such of them as it may designate and fix the penalties and pay the premiums of such bonds.

(g) Insofar as applicable, the benefits of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, shall extend to employees of the Corporation.

(h) All money of the Corporation not otherwise employed may be deposited with the Treasurer of the United States or in any bank

approved by the Secretary of the Treasury, subject to withdrawal by the Corporation at any time, or with the approval of the Secretary of the Treasury may be invested in obligations of the United States. Subject to the approval of the Secretary of the Treasury, the Federal Reserve banks are hereby authorized and directed to act as depositories, custodians, and fiscal agents for the Corporation in the performance of its powers.

(i) The Corporation, including its franchises, its capital, reserves, and surplus and its income and property shall, except as otherwise provided in section 50 (a), be exempt from all taxation now or hereafter imposed by the United States or any State, Territory, District, dependency, or political subdivision.

(j) The Corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary a complete report as to the business of the Corporation.

SEC. 41. For the purposes of this Act, the Secretary shall have the power to—

(a) Appoint (without regard to the civil-service laws or the Classification Act of 1949) such experts as may be necessary in carrying out the provisions of this Act: *Provided*, That the Administrator of the Farmers' Home Administration shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive basic compensation at the rate of \$14,800 per annum. The salary of none of such experts shall exceed \$10,000 per annum. The Secretary shall also have the power to appoint, subject to the provisions of the civil-service laws, such other officers and employees as may be necessary and fix their compensation in accordance with the classification Act of 1949, except that for a period of not to exceed nine months from the effective date of this provision, the Secretary may make appointments and continue employees of the Farm Security Administration and the non-civil-service employees of the Emergency Crop and Feed Loan Division, utilized in the performance of the functions of the Farmers' Home Administration under this Act, without regard to the civil-service laws or regulations.

(b) The Secretary may administer his powers and duties under this Act through such area finance, State, and local offices in the United States and in the Territories of Alaska and Hawaii and in Puerto Rico and the Virgin Islands as he determines to be necessary: *Provided*, That existing regional offices shall be liquidated on or before June 30, 1947. The Secretary may authorize an office to serve the area composed of two or more States (Territories or Puerto Rico and the Virgin Islands) if he determines that the volume of business in the area is not sufficient to justify separate State offices.

(c) Accept and utilize voluntary and uncompensated services, and with the consent of the agency concerned, utilize the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, Territory, or political subdivision.

(d) Within the limits of appropriations made therefor, make necessary expenditures for personal services and rent at the seat of government and elsewhere; contract stenographic reporting services; purchase and exchange of supplies and equipment, law books, books of reference, directories, periodicals, newspapers, and press clippings; travel and subsistence expenses, including the expense of attendance at meetings and conferences; purchase, operation, and maintenance,

at the seat of government and elsewhere, of motor-propelled passenger-carrying and other vehicles; printing and binding; and for such other facilities and services as he may from time to time find necessary for the proper administration of this Act.

(e) Make contracts for services and purchase of supplies without regard to the provisions of section 3709 of the Revised Statutes (U. S. C. 1934 ed., title 41, sec. 5) when the aggregate amount involved is less than \$300.

(f) Acquire land and interests therein without regard to section 355 of the Revised Statutes, as amended. This subsection shall not apply with respect to the acquisition of land or interests in land under title III.

(g) [Compromise or adjust claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered pursuant to this Act as circumstances may require, in the following manner:] *Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require: Provided, however, That—*

(1) [Compromise of claims of \$10,000] *Compromise, adjustment, or reduction of claims of \$15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General, pursuant to the provisions of section 3469 of the Revised Statutes [(U. S. C., 1940 edition, title 31, sec. 194)] (31 U. S. C. 194);*

[(2) Claims of less than \$10,000 may be compromised or may be adjusted or reduced on the basis of a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment; releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of—]

(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction,

(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

(A) borrowers who have transferred [their farms] *the security property* to other approved applicants under agreements assuming the outstanding *secured* indebtedness [to the Secretary under this title]; and

(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness [to the Secretary] *against the farm* which is equal to the [earning capacity] value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

[(C) no compromise or adjustment]

(4) *no compromise, adjustment, or reduction of claims* shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act;

[(3) Any] (5) *any claim [of \$100 or less,] which has been due and payable for [three] five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt paying ability, or is deceased and has left no estate, or has been absent from his last known address for a period of at least [two] five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: Provided, however, That claims [of \$10] involving a principal balance of \$150 or less may be canceled and released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical[; and].*

(h) Collect all claims and obligations arising or administered under this Act, or under any mortgage, lease, contract, or agreement entered into or administered pursuant to this Act and, if in his judgment necessary and advisable, pursue the same to final collection in any court having jurisdiction. All legal work arising out of such claims and obligations, including, but not limited to, the prosecution and defense of all litigation, is authorized to be performed, as determined by the Solicitor of the Department of Agriculture, through the Department of Justice, by attorneys of the Office of the Solicitor of the Department of Agriculture, or by local counsel approved by the Solicitor of the Department of Agriculture, whose fees, upon approval by the Solicitor, shall be paid by the Secretary; and

(i) Make such rules and regulations and such delegations of authority as he deems necessary to carry out this Act.

COUNTY COMMITTEES

SEC. 42. (a) The Secretary is authorized and directed to appoint in each county *or area within a county* in which activities are carried on under this Act a county *or area* committee composed of three individuals residing in the county *or area*, at least two of whom shall be farmers residing on a farm and deriving the principal part of their income from farming. In making the first appointments pursuant to the amendments made by Farmers' Home Administration Act of 1946, the Secretary shall designate one member of each committee to serve for a period of one year, one member to serve for a period of two years, and one member to serve for a period of three years. All subsequent appointments shall be for a three-year period. The Secretary may appoint an alternate for each member of each committee who shall have the same qualifications and be appointed for the same term as such member. The members of each committee shall elect one member to serve as chairman. Members of the committees and their alternates shall be removable for cause by the Secretary.

(b) Each member of the committee shall be allowed compensation at the rate of not to exceed \$5 per day while engaged in the per-

formance of duties under this Act. The number of days per month that each member may be paid shall be determined and approved by the Secretary. In addition, they shall be allowed such amounts as the Secretary may prescribe for necessary traveling and subsistence expenses. The compensation and expenses of the committee members and their alternates shall be paid by the Secretary.

(c) The committee shall meet on the call of the committee chairman, or on the call of such other person as the Secretary may designate. Two members of the committee shall constitute a quorum. The Secretary shall prescribe rules governing the procedure of the committees, furnish forms and equipment necessary for the performance of their duties, and authorize and provide for the compensation of such clerical assistants as he deems may be required by any committee.

(d) Committees established under this Act shall, in addition to the duties specifically imposed under this Act, perform such other duties under this Act as the Secretary may require of them, or as may be delegated to them by the Secretary.

RESETTLEMENT PROJECTS

SEC. 43. (a) The Secretary shall do all things necessary to complete the liquidation as expeditiously as possible of all resettlement projects and rural rehabilitation projects for resettlement purposes including, but not limited to, defense relocation corporations, land-leasing and land-purchasing associations, all properties retransferred from the National Housing Agency by section 2 (a) (3) of the Farmers' Home Administration Act of 1946, and all other corporations or associations organized for similar purposes and financed, in whole or in part, with funds made available to the Secretary, the War Food Administrator, the Farm Security Administration, the Resettlement Administration or the Federal Emergency Relief Administration.

(b) Within 6 months after the effective date of the Farmers' Home Administration Act of 1946, the Secretary shall determine which of the lands comprising the projects described in (a) hereof are suitable for use, either with or without subdivision, as farms of sufficient size to constitute efficient farm management units and to enable diligent farm families to carry on farming of a type which the Secretary deems can be carried on successfully in the localities in which the lands are situated. The Secretary shall file with the Congress, promptly after making such determination, a complete report of the determination, with full information as to the location of all lands comprising such projects, and of the facts taken into account by the Secretary in making the determination. All lands which the Secretary determines are suitable for farming and all personal property incident to or comprising such projects and usable in farming operations shall, wherever practicable, be sold by the Secretary as expeditiously as possible to individuals eligible to receive the benefits of title I of this Act and in a manner consistent with the provisions of such title. The Secretary, if appropriations are made therefor by Congress, may make loans to such purchasers to enable them to improve such lands or repair such property, which loans shall be made only after certification of the county committees and otherwise in a manner consistent with the provisions of title I: *Provided*, That all sales of project lands in economic units shall be in accordance with the terms, conditions, and limitations of S. 704, Seventy-ninth Congress, second session.

(c) Public facilities, such as electric light, water and sewage systems, buildings and lands for schools and churches, and land for public roads, streets, and alleys, may be granted or dedicated to public or semipublic institutions or granted to public or private organizations where (1) such facilities or lands cannot be sold at reasonable prices, (2) similar facilities or lands are not available at reasonable rates and terms to the inhabitants of the particular area and (3) the recipients of such facilities will agree to operate and maintain them and shall relieve the Government of all responsibility in connection therewith. In making grants or dedications of such facilities, the Secretary shall give due consideration to all applications for such grants or dedications and shall award the facilities to the organization or institution found by the Secretary to be most capable of maintaining and operating such properties. In all sales, grants, or dedications of such facilities, the Secretary shall take reasonable precautions to provide that they will not be used in competition with companies or organizations in the area furnishing adequate services to the inhabitants upon reasonable rates and terms.

(d) Real and personal property comprising such projects which is not determined by the Secretary to be suitable for sale [as family-size farms] as provided in (b) hereof, or which is not granted or dedicated as provided in (c) hereof, shall, within eighteen months after the effective date of the Farmers' Home Administration Act of 1946, either be transferred by the Secretary to appropriate agencies of the United States for disposition as surplus property of the United States or be sold by the Secretary at public or private sale to any individual or corporation at the best price obtainable, after public notice, for cash or on secured credit, without regard to the laws governing the disposition of surplus real or personal property of the United States: *Provided, however,* That in the case of all sales on credit under this subparagraph (d) the Secretary shall obtain an initial cash payment of at least 20 per centum of the sales price and the remainder shall be paid in equal annual installments within a term not in excess of five years: *Provided further,* That whenever it is found by the Secretary that it is not practicable to dispose of lands reserved for sale pursuant to subparagraph (b) hereof under the provisions of title I of this Act, such lands may be sold by the Secretary under the authority of this subparagraph (d).

(e) The Secretary shall cause the defense relocation corporations, land-leasing and land-purchasing associations, and other similar corporations or associations to sell properties to which they hold title in accordance with the limitations and procedures prescribed in this section.

SPECIAL CONDITIONS AND LIMITATIONS ON LOANS

SEC. 44. The Secretary, under this Act—

(a) Shall make no loan—

- (1) to any corporation or cooperative association;
- (2) unless the appropriate county committee certifies in writing that the applicant is eligible to obtain such loan and that, in the opinion of such committee, he will honestly endeavor to carry out undertakings and obligations required of him under a loan which may be made by the Secretary;

(3) to any person, unless the applicant represents in writing, and it is administratively determined by the Secretary, after a certification to such effect by the appropriate county committee, that credit sufficient in amount to finance the actual needs of the applicant is not available to him at the rates (but not exceeding the rate of 5 per centum per annum) and terms prevailing in the community in or near which the applicant resides for loans of similar size and character from commercial banks, cooperative lending agencies, or from any other responsible source;

(4) for the carrying on of any land-purchase or land-leasing program, or for the purpose of carrying on any operations in collective farming, or cooperative farming, or for the organization, promotion, or management of homestead associations, land-leasing associations, land-purchasing associations, or cooperative land-purchasing for colonies of rehabilitants and tenant purchasers, except for the liquidation as expeditiously as possible of any such projects heretofore initiated.

(b) Shall, except as otherwise specifically provided by the Congress, make all loans at the interest rate of 5 per centum per annum evidenced by notes requiring full liability of the maker and upon such security and such other terms and conditions as the Secretary may prescribe, including such provisions for the supervision of the borrower as the Secretary shall deem necessary to protect his interests.

(c) Shall, in the case of every loan, require in the loan and security instruments that if at any time it shall appear to the Secretary that the borrower may be able to obtain a loan from a production credit association, Federal land bank, or other responsible cooperative or private credit source at rates (but not exceeding the rate of 5 per centum per annum) and terms for loans for similar periods of time and purposes prevailing in the area in which the loan is to be made, the borrower shall, upon request of the Secretary, apply for and accept such loan in sufficient amount to repay the Secretary and to pay for any stock necessary to be purchased in the cooperative lending agency in connection with the loan. *Provided, however,* That in the case of mortgage loans heretofore or hereafter insured under this title, the Secretary may at his discretion delay his request for refinancing until the borrower has acquired a sufficient equity in the farm to enable the holder of the insured mortgage to refinance the loan on an uninsured basis under laws or regulations to which he may be subject.

TRANSFER OF LANDS TO SECRETARY

SEC. 45. The President may at any time in his discretion transfer to the Secretary any right, interest or title held by the United States in any lands acquired in the program of national defense and no longer needed therefor, which the President shall find suitable for the purposes of this Act, and the Secretary shall dispose of such lands in the manner and subject to the terms and conditions of this Act.

TRANSACTIONS WITH CORPORATIONS

SEC. 46. Nothing in this Act shall authorize the making of any loan or the sale or other disposition of real property or any interest therein, other than interests in coal, oil, gas or other minerals, to any

private corporation, except in furtherance of liquidation or the leasing of mineral interests to corporations or individuals from time to time in accordance with policies established by the Secretary of Agriculture.

SURVEYS AND INVESTIGATIONS

SEC. 47. The Secretary is authorized to conduct surveys and investigations relating to the conditions and factors affecting, and the methods of accomplishing most effectively, the purposes of this Act, and may, when funds are specifically appropriated therefor by the Congress publish and disseminate information pertinent to the various aspects of its activities.

VARIABLE PAYMENTS

SEC. 48. The Secretary shall require annual payments in installments sufficient to pay any obligations or indebtedness to him under this Act within the term of such obligation or indebtedness. The Secretary shall provide a method whereby a borrower may pay any obligation or indebtedness by a system of variable payments under which a surplus above the required installment for any year may be paid in periods of above-normal income and employed to reduce payments below the required annual payment in subsequent periods of subnormal income. Any advance payments to the Secretary shall not affect the obligation to pay the required annual installment during periods of normal or above-normal income. The foregoing requirements shall not preclude establishing the initial annual payment at a date not exceeding two full crop years from the date of the loan where the Secretary determines that farm income sufficient to make the initial payment cannot be readily anticipated at an earlier date, but this provision shall not have the effect of extending the maximum term of any loan.

SETOFF

SEC. 49. No setoff shall be made against any payment to be made by the Secretary to any person under the provisions of this Act, by reason of any indebtedness of such person to the United States, and no debt due to the Secretary under the provisions of this Act shall be set off against any payments owing by the United States, unless the Secretary shall find that such setoff will not adversely affect the objectives of this Act.

TAXATION

SEC. 50. (a) All property which is being utilized to carry out the purposes of title I of this Act (other than property used solely for administrative purposes) shall, notwithstanding that legal title to such property remains in the Secretary, be subject to taxation by the State, Territory, district, dependency, and political subdivision concerned, in the same manner and to the same extent as other similar property is taxed.

(b) All property to which subsection (a) of this section is inapplicable which is held by the Secretary pursuant to this Act shall be exempt from all taxation now or hereafter imposed by the United States or any State, Territory, district, dependency, or political subdivision, but the Secretary shall make payments in respect of any such property in lieu of taxes.

BID AT FORECLOSURE

SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, *insured by or acquired by the Secretary under [this Act, the Act of August 14, 1946, the Act of April 6, 1949, the Act of August 28, 1937, or the item "Loans to Farmers, 1948, Flood Damage" in the Act of June 25, 1948, as those Acts are heretofore or hereafter amended or extended]* *any programs administered by the Farmers Home Administration*; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; *to sell or grant rights-of-way or easements over such property*; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act.

FEES AND COMMISSIONS PROHIBITED

SEC. 53. No officer, attorney, or other employee of the Secretary shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this Act other than such salary, fee or other compensation as he may receive as such officer, attorney, or employee. No member of a county committee established under section 42 shall knowingly make or join in making any certification prohibited by section 2 (c). Any person violating any provision of this section shall, upon conviction thereof, be punished by a fine of not more than \$2,000 or imprisonment for not more than two years, or both.

EXTENSION OF TERRITORIES

SEC. 54. The provisions of this Act shall extend to the Territories of Alaska and Hawaii and to Puerto Rico and the Virgin Islands. In the case of Alaska and Puerto Rico and the Virgin Islands, the term "county" as used in this Act shall be deemed synonymous with "Territory", or any subdivision thereof as may be designated by the Secretary, and payments under section 33 of this Act shall be made to the Governor of the Territory or to the fiscal agent of such subdivision.

SEPARABILITY

SEC. 55. If any provision of this Act, or the application thereof to any person or circumstances, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

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PUBLIC LAW 727, (68 STAT. 999; 69 STAT. 223, 69 STAT. 263, 12 U. S. C. (1952 ED. SUPP. III) 1148A-1, NOTE) AS AMENDED

AN ACT To provide emergency credit

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That until June 30, [1957] 1959, the Secretary is authorized to make emergency loans for any agricultural purposes, except for refinancing of existing indebtedness, aggregating not to exceed [\$15,000,000] \$65,000,000 to farmers and stockmen in any area or areas where the Secretary determines that there is a need for such credit which cannot be met for a temporary period from commercial banks, cooperative lending agencies, the Farmers Home Administration under its regular programs or under the Act of April 6, 1949, or other responsible sources.

SEC. 2. Loans under this Act shall (1) be made only to individuals or partnerships who are actively engaged in the operation of farms or ranches; (2) not exceed \$15,000 in the case of any one loan; (3) not be made to any one borrower so as to increase the total indebtedness of such borrower under this Act to an amount in excess of \$20,000 (including principal and accrued interest); (4) be made at such rate of interest, not to exceed 3 per centum per annum, and on such terms and conditions as the Secretary shall prescribe for such area or areas; and (5) be secured by the personal obligation and available security of the producer or producers.

SEC. 3. The Secretary may utilize the revolving fund created by section 84 of the Farm Credit Act of 1933, as amended (12 U. S. C. 1148a), for making loans under this Act, and for administrative expenses in connection with such loans. Sums received by the Secretary from the liquidation of loans made under this Act shall be added to and become a part of the said revolving fund.



The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present. The author then goes on to discuss the various factors that have shaped the development of the United States, including the role of the government, the economy, and the culture. The paper concludes by suggesting that a study of the history of the United States is essential for a full understanding of the present and for the future of the country.